

Economic impact analysis

Transport Canada estimated the potential impact of the closure of the Ambassador Bridge on Canadian gross domestic product (GDP). The economic impact of the bridge closure was estimated using an input-output model, taking into account that an array of Canadian industries are highly reliant on inputs imported via the bridge.

Transport Canada developed **three scenarios** to analyze the impact of a bridge closure. All scenarios take into account that Canada's automotive sector is particularly vulnerable to the disruption. The estimates are for the first week of the disruption.

Scenario 1 assumes that industries within the automotive sector shut down while other industries continue production to a certain extent. However, inputs to these other industries, as well as exports, are impacted with respect to their perishability. For example, perishable goods, such as fresh vegetables or flowers are assumed to lose a higher proportion of their value every day.

Canada's automotive sector, which is concentrated in Southern Ontario, is bearing the brunt of the bridge closure. The sector consists of a network of specialized manufacturers which are highly reliant on inputs imported from the U.S. In addition, many factories in the sector also adopted just-in-time organization models, in which vehicle parts and components are produced and shipped on demand. Therefore, a disruption of imports has an immediate impact on the industry, leading to production curbs and shutdowns.

Scenario 2 assumes that, in addition to the shutdown of automotive industries, the lack of inputs for other manufacturing industries, such as machinery and primary metal manufacturing, also lead to shutdowns and inability to export.

Scenario 3 assumes that the disruption of imports and exports crossing the Ambassador Bridge lead to widespread shutdowns and production outages across the Canadian economy.

Results suggest that the closure of the bridge will result in net losses to Canadian GDP ranging from **\$45 to \$161 million per day**.

Ambassador Bridge Closure - Economic**Impact**

(Daily impact on Canadian GDP during first week,
\$ millions)

Industry	Scenario 1 "Low"	Scenario 2 "Middle"	Scenario 3 "High"
All industries	45.2	85.5	160.6
Transportation equipment manufacturing	14.8	15.1	15.9
Food and beverage manufacturing	1.0	1.3	11.6
Machinery manufacturing	0.4	7.9	8.4
Chemical manufacturing	0.5	1.0	8.1
Primary metal manufacturing	1.5	6.3	6.7
Other manufacturing	1.5	2.5	14.7
Wholesale and retail trade	4.5	8.2	14.6
Transportation and warehousing	2.2	4.1	8.0
Agriculture and forestry	0.8	1.0	7.9
Other industries	18.1	38.1	64.7

Source: Transport Canada